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Talking Points for the ADDI

12 February 1986

Update on Libyan Activities

Libyan forces have increased their alert level and reacted energetically to the resumption of US activity in the Tripoli Flight Information Region this week.

- The Libyan Air Force conducted several dozen flights in and north of the Gulf of Sidra after US flight operations commenced in the area on 12 February. At least five pairs of Libyan fighter aircraft were intercepted by USN F-14s and F-18s.
- The air reaction so far is similar to that seen in the first days of US Navy operations in the Tripoli FIR last month. The activity contrasts with the later stages of the Libyan reaction to the FIR operations in late January, when Libyan interceptors were forbidden to approach US fighters outside the Gulf of Sidra.
- Libyan warships remain dispersed among several ports, with only a few at sea. None have yet approached Sixth Fleet ships off Libya.

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The Libyan Political Situation

Qadhafi has not been able to exploit the current tensions with Washington to significantly improve his internal position.

- [redacted] few Libyans expect the US to attack Libya and that most Libyans--in the armed forces and general public--remain dissatisfied with the regime. [redacted] most Libyans feel that they do not have anything worth fighting for.

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-- [redacted] one benefit of the crisis to Qadhafi is the suspension of the bitter factional infighting that has troubled his regime since last fall. We expect renewed infighting, however, after the US threat is perceived to have receded.

Qadhafi has been only marginally more successful in the international arena. He has scored a propaganda and diplomatic victory by posing as a Third World David facing the American Goliath, but most of the diplomatic support he has received--even in the Arab World--is rhetorical.

- The Arab League refused to endorse Libyan demands for a boycott of the US, and fewer than half of the League's foreign ministers attended the emergency session in Tunis.
- Other international fora--e.g. the Non-Aligned Movement, OAU, and UN--at most have issued only pro forma condemnations of US actions.

We see no evidence of a slowdown in Libyan support for terrorism and subversion.

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### Economic Impact of US Sanctions

The freeze on Libyan financial assets has had the greater impact among the various US economic restrictions imposed last month.

- Libya lost immediate access to an estimated \$700 million--about 13 percent of total foreign exchange holdings prior to the freeze--and has been unable to pay off some outstanding bills.
- Tripoli's attempts to circumvent the freeze have met with little success. [redacted]

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- Most US firms have left Libya or turned their operations over to foreign subsidiaries. About 100 to 150 US citizens remain in Libya and probably will stay because of family ties.



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